

104TH CONGRESS
2D SESSION

H. R. 3098

To amend title II of the Social Security Act to diversify the investments of the Social Security trust funds by providing for investment of 40 percent of each year's surplus in such trust funds in certain private obligations, securities, or other instruments.

IN THE HOUSE OF REPRESENTATIVES

MARCH 14, 1996

Ms. LOFGREN introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend title II of the Social Security Act to diversify the investments of the Social Security trust funds by providing for investment of 40 percent of each year's surplus in such trust funds in certain private obligations, securities, or other instruments.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Social Security Trust
5 Funds Investment Act of 1996”.

1 **SEC. 2. INVESTMENT OF THE FEDERAL OLD-AGE AND SUR-**
2 **VIVORS INSURANCE TRUST FUND AND THE**
3 **FEDERAL DISABILITY INSURANCE TRUST**
4 **FUND.**

5 (a) IN GENERAL.—Section 201(d) of the Social Secu-
6 rity Act (42 U.S.C. 401(d)) is amended—

7 (1) by inserting “(1)” after “(d)”;

8 (2) in the second sentence, by striking “Such
9 investments may be made only” and inserting the
10 following: “Except as provided in paragraph (2),
11 such investments may be made only”, and by strik-
12 ing “(1)” and “(2)” and inserting “(A)” and “(B)”,
13 respectively; and

14 (3) by adding at the end the following new
15 paragraph:

16 “(2)(A) The Managing Trustee shall determine the
17 annual surplus (as defined in subparagraph (B)) for each
18 of the Trust Funds as of the end of each fiscal year. The
19 Managing Trustee shall ensure that an amount held by
20 each of the Trust Funds equal to at least 40 percent of
21 such annual surplus is invested, throughout the next fol-
22 lowing fiscal year, in the manner described in clause (i)
23 or (ii) or in a manner consisting of any combination there-
24 of.

25 “(i) Investments under this subparagraph may
26 be in the form of—

1 “(I) insurance contracts,
2 “(II) certificates of deposit, or
3 “(III) other instruments or obligations se-
4 lected by qualified professional asset managers,
5 which return the amount invested and pay interest,
6 at a specified rate or rates, on that amount during
7 a specified period of time.

8 “(ii) Investments under this subparagraph may
9 be in the form of a portfolio of common stock de-
10 signed to replicate the performance of an index
11 which shall be selected by the Managing Trustee, in
12 consultation with the Board of Trustees. Such index
13 must be a commonly recognized index comprised of
14 common stock the aggregate market value of which
15 is a reasonably complete representation of the Unit-
16 ed States equity markets. The portfolio shall be de-
17 signed such that, to the extent practicable, the per-
18 centage of the total amount invested in the manner
19 described in this clause that is invested in each stock
20 is the same as the percentage determined by dividing
21 the aggregate market value of all shares of that
22 stock by the aggregate market value of all shares of
23 all stocks included in such index.

1 “(B) For purposes of this paragraph, the ‘annual sur-
2 plus’ for either of the Trust Funds as of the end of a
3 fiscal year is the excess (if any) of—

4 “(i) the sum of—

5 “(I) in the case of the Federal Old-Age
6 and Survivors Insurance Trust Fund, the
7 amounts appropriated to such Trust Fund
8 under paragraphs (3) and (4) of subsection (a)
9 for the fiscal year,

10 “(II) in the case of the Federal Disability
11 Insurance Trust Fund, the amounts appro-
12 priated to such Trust Fund under paragraphs
13 (1) and (2) of subsection (b) for the fiscal year,
14 and

15 “(III) in either case, the amount appro-
16 priated to such Trust Fund under section
17 121(e) of the Social Security Amendments of
18 1983 for the fiscal year, and any amounts oth-
19 erwise credited to or deposited in such Trust
20 Fund under this title for the fiscal year, over

21 “(ii) the amounts paid or transferred from such
22 Trust Fund during the fiscal year.”.

23 (b) CONFORMING AMENDMENTS.—Section 201 of
24 such Act is amended further—

1 (1) in subsection (e) (42 U.S.C. 401(e)), by
2 striking “Any obligations” and inserting “Any obli-
3 gations, securities, or other instruments”; and

4 (2) in subsection (f) (42 U.S.C. 401(f)), by
5 striking “any obligations” and inserting “any obliga-
6 tions, securities, or other instruments”.

7 **SEC. 3. EFFECTIVE DATE.**

8 The amendments made by this Act shall apply with
9 respect to annual surpluses as of the end of fiscal years
10 beginning on or after October 1, 1996.

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